



STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority
NEWS RELEASE

05-04

Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

FOR IMMEDIATE RELEASE

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CALIFORNIA DEPARTMENT OF CORPORATIONS, FEDERAL AND STATE LAW ENFORCEMENT AGENCIES LAUNCH MAJOR ASSAULT ON BUSINESS OPPORTUNITY AND WORK-AT-HOME SCAMS

Sacramento, February 22, 2005 – In a massive criminal and civil crackdown on promoters of illegal business opportunity and work-at-home programs, the California Department of Corporations (Corporations), the Federal Trade Commission (FTC), the U.S. Department of Justice, the U.S. Postal Inspection Service, and state law enforcement agencies from 13 other states have charged more than 109 operations with violating consumer protection laws and/or engaging in fraud. Business opportunity and work-at-home fraud, in particular, cause substantial consumer injury. In California's cases, Corporations took enforcement actions against franchises and business opportunities that illegally offered or sold business operations for payday advance loans, medical spas, mobile food kiosks, Internet kiosks, fitness centers, and restaurants.

"The perpetrators of these frauds were operating illegally and without the proper registration from Corporations to offer and sell franchises," said Corporations Commissioner William P. Wood. "By coordinating efforts with federal regulators and law enforcement, we can move aggressively to stop these scam operations which prey on unsuspecting consumers."

The enforcement sweep, known as Project Biz Opp Flop, highlights enforcement actions filed by a multitude of state enforcement agencies, including Corporations. The 14 states, including Maryland, Texas and Washington, announced 109 actions against franchise, business opportunity, and work-at-home promoters. The perpetrators are located in 22 states and Canada, with the greatest number of actions taken in California, Florida and Arizona. (See attached listing of state actions.)

Corporations has teamed up with the FTC to provide the following tips for consumers before investing in any new business venture or work-at-home opportunity:

- Investors may contact Corporations before they invest to check the registration status of the investment they are considering by calling our toll-free telephone number, 1-866-ASK-CORP (1-866-275-2677).
- If the ad promises big money for little effort, then investors should check with Corporations, the FTC, and local authorities. Fraudulent ads use similar bait such as fast cash, minimal work, no risk, and the advantage of being your own boss or working from home.

(more)

- Before promoters may accept money from potential investors, the law requires that they give investors important disclosure documents. If the promoter does not make the document readily available, find another opportunity.
- Talk to current investors, but beware of paid “shills,” people paid to give favorable reports. Visit other business sites in person. Get professional advice if you need it. Do not lose your life savings just because you did not spend a few hundred dollars to talk to a lawyer, an accountant, or another expert.

Consumers should visit Corporations Web site at www.corp.ca.gov for information to help spot and avoid business opportunity scams.

The Department of Corporations is California's Investment and Financing Authority. Corporations is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit Corporations' Web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).

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ATTACHMENT

PROJECT BIZ OPP FLOP State Enforcement List for Calendar Year 2004 & Early 2005 California Department of Corporations

Arkansas

1. Home Business Systems and Sharon Henningsen, Civil action filed for restitution, AR parties, AR Attorney General (1/28/05).

California

2. Cash Now.com, LLC, Cash Now Plus.com, LLC, Miro Zecevic, C&D Order, PA and Ontario, Canada parties, Cal. Dept. Corp. (4/2/04).
3. Cash-Now USA.Com, Inc., Cash Now.com, LLC, Miro Zecevic, David G. McClenan, Gary McNulty, Victor Graham, C&D Order, PA and Ontario, Canada parties, Cal. Dept. Corp. (3/30/04).
4. Caboto's Franchise Development Corp. d/b/a Caboto's and Cabato's Associated Food Services, Inc., Herbert C. Davis, C&D Order, UT parties, Cal. Dept. Corp. (5/19/04).
5. Why Weight Women's Total Fitness, Inc., Matthew Craig Rubin, Ivan Bondy, Mark Haining, C&D Order, CA parties, Cal. Dept. Corp. (6/18/04).
6. HealthWest, Inc., Manmohan (Mo) Singh Biring, C&D Order, CA parties, Cal. Dept. Corp. (7/16/04).
7. Network Services Depot, d/b/a Net Depot, Charles V. Castro, and Bikini Vending, 360 Wireless, and Edward Bevilacqua, C&D Order, CA and NV parties, Cal. Dept. Corp. (7/24/04).
8. Kanar Enterprise, Narinder Mahal, C&D Order, CA parties, Cal. Dept. Corp. (1/11/05).
9. Stroller Strides, Lisa Druxman, C&D Order, CA parties, Cal. Dept. Corp. (2/15/05).

Connecticut

10. Debit Corporation of America, C&D Order, FL party, CT Dept. of Banking (1/13/04).
11. Debit Corporation of America, Stop Order and \$50,000 fine, FL party, CT Dept. of Banking (3/18/04).
12. 1.800 Vending, Inc., C&D Order and \$10,000 fine, UT parties, CT Dept. of Banking 7/15/04).
13. Taxback, LLC, C&D Order, AZ party, CT Dept. of Banking (1/29/05).

Florida

14. Strategic Capital ATM Services, \$2,000 administrative fine for bizop sales, Fla. Dept. Ag. & Consumer Svcs. (2004).
15. Futurequest Marketing, \$5,000 administrative fine for bizop sales, Fla. Dept. Ag. & Consumer Svcs. (2004).
16. 1.800.Vending, \$2,000 administrative fine for bizop sales, Fla. Dept. Ag. & Consumer Svcs. (2004).
17. American Technologies International, \$2,000 administrative fine for bizop sales, Fla. Dept. Ag. & Consumer Svcs. (2004).
18. Touchpoll, \$500 administrative fine for bizop sales, Fla. Dept. Ag. & Consumer Svcs. (2004).
19. American Technologies International, Inc., \$2,000 administrative fine, FL party, Fla. Dept. Ag. & Consumer Svcs. (8/29/04).
20. Cyberwize.com, Inc., Cyberwize, Travelwize, \$3,000 administrative fine, FL parties, Fla. Dept. Ag. & Consumer Svcs. (9/21/04).
21. Route Lizard, Inc., \$4,000 administrative fine, Montgomery, AL party, Fla. Dept. Ag. & Consumer Svcs. (10/25/04).
22. Entertainment Books of Florida, \$2,000 administrative fine, FL party, Fla. Dept. Ag. & Consumer Svcs. (11/17/04).
23. Candy King of Florida, \$2,000 administrative fine, FL party, Fla. Dept. Ag. & Consumer Svcs. (12/8/04).
24. Global Resources, Inc., \$6,000 administrative fine, FL party, Fla. Dept. Ag. & Consumer Svcs (12/20/04).
25. United Merchants Group, LLC, \$6,000 administrative fine, FL party, Fla. Dept. Ag. & Consumer Svcs (12/21/04).
26. Power Internet Terminals, Inc. \$2,000 administrative fine, FL party, Fla. Dept. Ag. & Consumer Svcs (12/30/04).
27. Vending for Charity, \$2,000 administrative fine, NY party, Fla. Dept. Ag. & Consumer Svcs (1/14/05).
28. Carousel Marketing, Inc., \$2,000 administrative fine, AL party, Fla. Dept. Ag. & Consumer Svcs (1/26/05).
29. Taxback, LLC, \$5,000 administrative fine, AZ party, Fla. Dept. Ag. & Consumer Svcs (2/4/05).

Illinois

30. Paris Hill d/b/a Hill & Associates Consulting Center, Civil complaint, IL Attorney General (10/27/04).

Kentucky

31. Dennis Lee, d/b/a United Community Services of America, International Tesla Electric, and Better World Technologies, Inc., Criminal Conviction (1/13/04).

32. Combined Resource Systems, Barry Wise, Gary Cesaro, and Tammy Powers, Default Judgments (2/2/04 and 10/12/04).

Louisiana

33. Global Ventures, Inc., Civil complaint, FL party, LA Attorney General (2/18/05).

Maryland

34. Lady of America Franchise Corp., Stipulated Order to C&D, FL party, MD Securities Div. (2/04).

35. Christmas Decor, Inc., Stipulated Order to C&D, TX party, MD Securities Div. (3/04).

36. True Colors Custom Auto Touch-Up, Inc., Stipulated Order to C&D, PA party, MD Securities Div. (3/04).

37. Vocelli Pizza, LP, Stipulated Order to C&D, PA party, MD Securities Div. (4/04).

38. Hollywood Tanning Systems, Inc., Stipulated Order to C&D, NJ party, MD Securities Div. (5/25/04).

39. Prosperity Systems, Inc., d/b/a Pizza Boli's, Consent Order, Permanent Injunction and payment of \$5,000 fine, MD party, MD Securities Div. (5/04).

40. Dryclean Depot, LLC, Calimar, LLC, and Randy M. Lievan, Stipulated Order to C&D, MD parties, MD Securities Div. (6/14/04).

41. Eggspectations International Holding Corp., Inc., Stipulated Order to C&D, Canadian party, MD Securities Div. (6/23/04).

42. Advanced Composites Technology, LLC, Advanced Coatings Technology, LLC, and Kevin A. Heronimus, Stipulated Order to C&D, AL parties, MD Securities Div. (9/7/04).

43. Giles Enterprises, Inc., d/b/a Chester Fried, Stipulated Order to C&D, AL party, MD Securities Div. (9/8/04).

- 44. Let's Dish! Inc., Stipulated Order to C&D, MN party, MD Securities Div. (10/8/04).
- 45. Jean-Marc DeFague, Stipulated Order to C&D w/ bizop ban in Maryland, MD party, MD Securities Div. (11/4/04).
- 46. Five Guys Enterprises, LLC, Stipulated Order to C&D, NY party, MD Securities Div. (1/14/05)
- 47. Espresso Italia Marketing, Inc., Stipulated Order to C&D, FL party, MD Securities Div. (1/28/2005)
- 48. Cheeburger Cheeburger Restaurants, Inc., C&D Order Stipulated Order to C&D, FL party, MD Securities Div. (1/28/2005).

Nevada

- 49. Combined Resource Systems, Inc., Civil complaint, Nev. party, Nev. Attorney General (10/14/04).

South Dakota

- 50. L. Lewis & Associates, C&D Order, IL party, So. Dak. Div. of Securities (1/30/04).
- 51. Push Button Promotions, C&D Order, IA party, So. Dak. Div. of Securities (2/27/04).
- 52. Universal Connections, C&D Order, CA party, So. Dak. Div. of Securities (2/27/04).
- 53. Beltway Systems, Inc., C&D Order, TX party, So. Dak. Div. of Securities (3/4/04).
- 54. Debit Corporation of America, C&D Order, FL party, So. Dak. Div. of Securities (3/18/04).
- 55. Medical Billers Network, C&D Order, NY party, So. Dak. Div. of Securities (3/25/04).
- 56. JMW Financial Services, C&D Order, AZ party, So. Dak. Div. of Securities (3/26/04).
- 57. Liberty League, C&D Order, AZ party, So. Dak. Div. of Securities (4/5/04).
- 58. Federated Publishing, Inc., C&D Order, NH party, So. Dak. Div. of Securities (4/6/04)
- 59. Gold Leaf Distribution, C&D Order, FL party, So. Dak. Div. of Securities (4/6/04).
- 60. Max Marketing, C&D Order, CA party, So. Dak. Div. of Securities (4/6/04).
- 61. Prosperity Group International, C&D Order, AZ party, So. Dak. Div. Of Securities (4/6/04).
- 62. Seasilver, C&D Order, CA party, So. Dak. Div. of Securities (4/6/04).

63. Global Internet Terminals and I. Sites, Inc., C&D Order, FL parties, So. Dak. Div. of Securities (4/22/04).
64. Big Sky Marketing, C&D Order, MN party, So. Dak. Div. of Securities (5/4/04).
65. Empire Publishing, C&D Order, CT party, So. Dak. Div. of Securities (5/4/04).
66. Homemailers, Inc., C&D Order, SD party, So. Dak. Div. of Securities (5/4/04).
67. SR & Associates, C&D Order, FL party, So. Dak. Div. of Securities (5/4/04).
68. American Publications, C&D Order, MO party, So. Dak. Div. of Securities (5/11/04).
69. H. Communications and Distributor Enterprises System, C&D Order, FL parties, So. Dak. Div. of Securities (5/11/04).
70. Income Solutions, C&D Order, NV party, So. Dak. Div. of Securities (5/11/04).
71. HomeStuffers, C&D Order, CA party, So. Dak. Div. of Securities (5/12/04).
72. Lead Streams, C&D Order, UT party, So. Dak. Div. of Securities (6/1/04).
73. Phase 7 and Fred Bailey, C&D Order, TN parties, So. Dak. Div. of Securities (7/6/04).
74. Angel Pin Creations, Inc., C&D Order, FL party, So. Dak. Div. of Securities (7/6/04).
75. GICO and James Neely, C&D Order, Antioch, TN parties, So. Dak. Div. of Securities (7/9/04).
76. Travis Temple, Inc., C&D Order, IA party, So. Dak. Div. of Securities (7/9/04).
77. Coffee Fair, C&D Order, CA party, So. Dak. Div. of Securities (8/2/04).
78. Fortune Marketing, C&D Order, SD party, So. Dak. Div. of Securities (8/6/04).
79. Home Associates, C&D Order, TX party, So. Dak. Div. of Securities (8/6/04).
80. Intralinx, C&D Order, FL party, So. Dak. Div. of Securities (8/6/04).
81. Elite Designs, Inc, Expresscents, Inc., Designer Scents, Anthony Antonelli, Ron Wattu, and Erica Roberts, C&D Order, RI parties, So. Dak. Div. of Securities (8/10/04).
82. Cardona Consulting, C&D Order, IL party, So. Dak. Div. of Securities (8/10/04).
83. Pay-N-Go, Joel Santucci, Alberto Ferrerias, and Noel Beres, C&D Order, FL parties, So. Dak. Div. of Securities (8/11/04). Note: After this news release was issued by the California Department of Corporations, the Division of Securities of South Dakota vacated the cease-and-desist order with respect with Noel Beres.

- 84. Sunshine Candle Corp, C&D Order, NY party, So. Dak. Div. of Securities (9/2/04).
- 85. Vernon Sougstad, C&D Order, SD party, So. Dak. Div. of Securities (9/7/04).
- 86. Millionaire Web Club, Marvin Q. Wilson, Jon D. Clark, Mike Zito, Shawn Casey, and Phil Damiano, C&D Order, AZ parties, So. Dak. Div. of Securities (10/7/04).
- 87. Proven Record, Inc., Saxby's Coffee, and Jeff Larson, C&D Order, NV parties, So. Dak. Div. of Securities (10/13/04).
- 88. CMG, Inc. and Cervo.net, C&D Order, IL parties, So. Dak. Div. of Securities (10/19/04).
- 89. Power Internet Terminals, Inc., Frank Mineo, Crystal Nadel, Michelle Gale, and Michael Collins, C&D Order, FL parties, So. Dak. Div. of Securities (10/21/04).
- 90. Success Thru Networking and Dana M. Dempsey, C&D Order, NV parties, So. Dak. Div. of Securities (10/27/04).
- 91. Route Crafters, C&D Order, AL party, So. Dak. Div. of Securities (11/8/04).
- 92. United Publications, C&D Order, UT parties, So. Dak. Div. of Securities (11/8/04).
- 93. Route Wizard, C&D Order, AL parties, So. Dak. Div. of Securities (11/29/04).

Tennessee

- 94. Keith Dyer, James Neely, Fred Bailey, and Dennis Dyer, all d/b/a GICO and Phase 7; Phyllis Winston d/b/a GICO; and Detria Dyer, d/b/a Phase 7, civil suit with stipulated preliminary injunction obtained, TN parties (1/24/05).

Texas

- 95. Lady of America Franchise Corp., AVC, FL party, Tex. Atty. Genl. (11/4/04).
- 96. Patricia G. Thomas d/b/a Wedding Careers Institute, Inc., Wedding Careers Worldwide Assoc., LLC, civil contempt filed, Tex. Atty. Genl. (12/7/04).
- 97. iMergent, Inc., Stores Online, Inc., d/b/a StoresOnLine.com, John J. Poelman, Brandon Lewis, and Donald Danks, Civil complaint, UT parties, Tex. Attorney General (2/22/05).

Washington State

- 98. Imergent, Inc, StoresOnline, Inc, John Poelman, Brandon Lewis, Donald Danks, and Charles Andrews, Consent Order, Injunction and payment of \$1,500 costs, UT parties, Wa. Securities Div. (1/19/04).

99. Mark 5, Inc., Robert King, and Troy Whitworth, C&D Order, TX parties, Wa. Securities Div. (4/13/04).
100. Culinary Communion, Gabriel Claycamp, and Heidi Kenyon, C&D Order, WA parties, Wa. Securities Div. (6/11/04).
101. Dinners Ready, Inc., C&D Order, WA parties, Wa. Securities Div. (8/27/04).
102. Power Internet Terminals, aka M&N Venture Capital Group, Frank Mineo, Cyrstal Nadel, Max Bacal, Chantelle Langley, and Tristan Garcia, C&D Order, FL parties, Wa. Securities Div. (9/13/04).
103. Taxback, LLC, Shawn D. Hull, and Lindsay J. Hull, C&D Order, AZ parties, Wa. Securities Div. (10/12/04).
104. Let's Dish! C&D Order, MN parties, Wa. Securities Div. (10/15/04).
105. Nanny's, Inc., Kenneth L. Stephens, Nanette M. Stephens, C&D Order, WA parties, Wa. Securities Div. (10/18/04).
106. Monart Franchise Corp., C&D Order, CA parties, Wa. Securities Div. (12/8/04).

Wisconsin

107. Matthew D. Wiley, d/b/a Home Stuffers, search warrant executed and criminal charges, WI party, WI DATCP investigation w/ prosecution by Eau Claire County District Attorney (9/04).
108. Timothy K. Lamere d/b/a Entertainment Books Fast Food Coupons, AVC, WI party, WI DATCP (10/11/04).
109. Orlando Brown d/b/a Turn-Key Systems, Inc. a/k/a TK\$, AVC, WI party, WI DATCP (11/3/04).

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110. Alaska, new consumer education publication.